

**LEADERSHIP COUNCIL OF AGING ORGANIZATIONS
SOLUTIONS FORUM
MAY 17, 2005**

SOCIAL SECURITY RESOLUTION

Whereas Social Security provides retirement, disability and life insurance protection for nearly all American workers and their families; and

Whereas Social Security benefits – received by over 47 million Americans -- are backed by the full faith and credit of the federal government, are fully indexed for inflation and are payable as long as the beneficiary lives; and

Whereas these benefits provide a dependable retirement income base for all beneficiaries and are the primary source of income for over two-thirds of senior citizens; and

Whereas Social Security provides benefits to disabled as well as retired workers; the spouses and surviving spouses of these workers; their dependent children and the dependent children of deceased workers – fulfilling not only the income needs of these individuals, but also the basic economic and social needs of our society; and

Whereas the system's weighted benefit formula – which replaces a higher percentage of previous earnings for lower-income workers -- has helped make Social Security the nation's top poverty fighter, cutting senior citizen poverty from over 35% in 1959 to under 11% today; and

Whereas Social Security has been an unqualified success in meeting its primary goals of income protection and poverty prevention, paying benefits every month, on time, for over 65 years; and

Whereas Social Security benefits are directly linked to a worker's past earnings and the contributions each worker and their employer paid into the system; and

Whereas Social Security pools these contributions so that Americans can share the risk of catastrophic income loss – thereby providing a cost-effective system with annual administrative outlays of less than 1% of benefits paid, as well as a sense of national community in which Americans protect each other against some of the potential hazards of life; and

Whereas Social Security's official trustees say the system will be able to pay 100% of promised benefits until 2041, when a projected shortfall will reduce benefits by approximately a quarter if nothing is done by then to correct it; and

Whereas this is a long range problem rather than an immediate crisis, and can be corrected in a fair and bi-partisan manner; and

Whereas Social Security is a flexible system that has incorporated several mid-course corrections since its enactment in 1935 – continuing to pay benefits without interruption and requiring no dramatic structural changes in order to carry out its important mission; and

Whereas the system has often been updated over the years for the purpose of becoming more fair and equitable, to cover new groups of beneficiaries, and to provide beneficiaries with an adequate standard of living that better reflects that of the greater society.

Therefore, be it resolved by the 2005 White House Conference on Aging to support policies that

- enable Social Security to continue providing guaranteed, risk-free, lifelong benefits that workers can depend on in the event of lost income due to death, disability or retirement;
- maintain benefits as an *earned* right, directly linked to previous earnings and contribution levels and guaranteed to all contributors and their dependents who meet the eligibility criteria;
- sustain Social Security's ability to protect people of all ages from poverty, just as it keeps almost 1.5 million children and nearly 40% of the elderly from poverty today;
- keep Social Security's benefit structure progressive and fair to all, ensuring that lower-wage earners receive benefits that provide them with a higher replacement rate on past earnings, while higher-income earners receive higher benefit amounts that reflect their larger contributions to the system;
- continue to protect all benefits against inflation (not only Social Security benefits, but also federal civilian and military retirement benefits), so that beneficiaries don't lose buying power as they age and don't slip into poverty if they live to be very old;
- preserve Social Security's ability to meet family income needs by continuing to provide benefits to dependent family members *in addition* to benefits for disabled and retired workers;
- protect workers who must retire early because they are unable to keep working or cannot find a job; as early as age 62, these workers must be able to collect retirement benefits that provide them with a solid income base;
- permit Social Security to devote its full resources to providing economic security to Americans by maintaining all participants in the same public system in order to keep administrative costs as low as possible;
- continue to build on the current system in order to provide greater protections for low-income beneficiaries and for those – particularly women – who live alone into advanced old age;

- do not transfer revenues needed for current or future benefits into individual investment accounts, which would worsen the system's solvency, add trillions to the national debt and weaken retirement security;
- allow for time to consider the best solutions to Social Security's eventual shortfall and ensure that these solutions not rely on benefit cuts or major structural changes to the system, which could endanger retirement incomes for generations and leave millions of Americans in poverty. Many policy options remain, including raising the cap on taxable wages so that the payroll tax is applied to a higher percentage of Americans' aggregate earned income.